

Cost Behavior Analysis of Burrus CabinetMaking LLC

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Burrus CabinetMaking

ABOUT

Burrus CabinetMaking LLC is a small, custom cabinet manufacturing business based in Moorestown, NJ. Established in 1983 and operated entirely by a single craftsman, the company specializes in designing and building custom cabinetry tailored to each client's specific needs. While primarily a manufacturing business, the company also offers a service component by working closely with customers to design their cabinets from scratch before moving forward with production. In addition to crafting high-quality cabinetry, the business handles delivery and installation, ensuring a seamless experience for its clients. The majority of Burrus Cabinet Making LLC's work is focused on residential kitchens and bathrooms, although the company also takes on commercial fit-out projects. Each cabinet is meticulously crafted to meet precise customer specifications, including dimensions, material selection, custom lighting, and paint finishes. The business primarily secures projects through partnerships with private architects, contractors, and interior designers.



Burrus CabinetMaking LLC

1. Salary paid to the owner **FIXED**
2. Cost of goods sold (wood and hardware) **VARIABLE**
3. Finishing costs (paint and stain wood)/ finish products **VARIABLE**
4. Electricity to building **MIXED**
5. Business insurance **FIXED**
6. Vehicle payments **FIXED**
7. Rental space for trailers **FIXED**
8. Shop propane and heat **MIXED**
9. Business certifications and licenses **FIXED**
10. Medicare **VARIABLE**

Potential Cost Drivers for Each Variable & Mixed Cost

- Cost of goods sold (wood and hardware) – Driven by the number of cabinets produced, since more cabinets require more materials
- Finishing costs (paint and stain wood/finish products) – Driven by the surface area of cabinetry or number of units produced, as more cabinets need more paint and stain
- Shop propane and heat – Driven by the size of the building or number of production days, as heating needs increase with space and usage
- Medicare – Driven by total payroll, since Medicare taxes are based on wages paid
- Electricity to building – Driven by machine hours or workshop size, as energy use rises with production time and space

Product Cost or Period Cost?

1. Salary paid to the owner - **PERIOD**
2. Cost of goods sold (wood and hardware) - **PRODUCT**
3. Finishing costs (paint and stain wood)/finish products - **PRODUCT**
4. Electricity to building - **PRODUCT**
5. Business insurance - **PERIOD**
6. Vehicle payments - **PERIOD**
7. Rental space for trailers - **PERIOD**
8. Shop propane and heat - **PRODUCT**
9. Business certifications and licenses - **PERIOD**
10. Medicare - **PERIOD**

Techniques to Determine Costs Behavior

1. Is this expense unaffected by how much the business produces or how many tasks are completed?
Does this expense fluctuate in direct relation to production volume or the amount of work being done
1. Does this expense combine a steady, fixed component with a part that varies depending on output or activity levels?

